Canadian Grain Commission / Commission canadienne des grains

Canadian Grain Commission

2012-13

Departmental Performance Report

The Honourable Gerry Ritz, P.C., M.P.,
Minister of Agriculture and Agri-Food

Canada

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Minister's Message

I am pleased to submit to Parliament and Canadians the Canadian Grain Commission's (CGC) *Departmental Performance Report* for the fiscal year 2012-13.

In April 2012, we celebrated the CGC's 100 years of service to Canada's grain producers and industry. Our Government is proud of the service the CGC has been providing since 1912, and is excited about the prospects that lie ahead.

Throughout 2012-13, our Government continued to make significant progress on its commitment to modernize the western Canadian grain sector. In December 2012, legislative amendments to the *Canada Grain Act* were passed as part of Bill C-45 (*Jobs and Growth Act, 2012*). These amendments came into force on August 1, 2013. I remain committed to a strong quality assurance system for the Canadian grain industry from producers to customers.

I would like to take this opportunity to thank CGC employees for their hard work and commitment to helping make these important strides for the grain sector in 2012. Moving forward, the CGC will remain strongly committed to modernizing its activities and the legislative framework to ensure the long-term success of Canada's grain quality assurance system.

This report details how the CGC used its resources from April 1, 2012 to March 31, 2013, to regulate grain handling and establish and maintain grain standards, while protecting the interests of producers and ensuring a dependable commodity for domestic and export markets.

The Honourable Gerry Ritz, P.C., M.P.,
Minister of Agriculture and Agri-Food

Chief Commissioner's Message

Since 1912, the Canadian Grain Commission (CGC) has served as the federal agency responsible for setting standards of quality and regulating Canada's grain handling system.

In the fall of 2012, two initiatives were announced that will impact the future services and organizational structure of the CGC. Firstly, amendments to the *Canada Grain Act* (*CGA*) that streamline the operations of the CGC and eliminate unnecessary costs to the grain industry were contained in Bill C-45 (*Jobs and Growth Act, 2012*). Bill C-45 received royal assent on December 14, 2012 and *CGA* amendments are now in force. Secondly, on November 1, 2012, we launched consultations on updated CGC user fees that reflect an updated *CGA* and streamlined CGC operations. The new fees took effect August 1, 2013. These two initiatives will eliminate the CGC's dependence on annual ad hoc federal appropriations which has represented approximately 44 percent of CGC expenditures in recent years.

I am pleased to report that, once again, the CGC received an unqualified audit opinion on its annual financial statements. A copy of the audited financial statements[1] is available on the CGC's website. As Chief Commissioner, I am proud of the CGC's ongoing exemplary work to effectively meet the needs of producers, the industry and all Canadians in general. The CGC remains committed to working with stakeholders to ensure Canada's Grain Quality Assurance System builds on its reputation as the best in the world. I invite you to read this report to learn more about the CGC's accomplishments and challenges and how the organization carried out its mandate during the 2012-13 reporting period.

Elwin Hermanson
Chief Commissioner
Canadian Grain Commission

Section I: Organizational Overview

Raison d'être

The Canadian Grain Commission (CGC) is a federal government agency that administers the provisions of the *Canada Grain Act*[ii] *(CGA)*. The CGC's **mandate** as set out in the *CGA* is to, "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets." The CGC's **vision** is to be "A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection." The CGC reports to Parliament through the **Minister of Agriculture and Agri-Food** (AAF).

Responsibilities

Under the *CGA*, the CGC regulates the handling of 21 grains[1] grown in Canada to ensure Canada's grain is safe, reliable and marketable, and Canadian grain producers are protected. The CGC is an unbiased, third party agency in Canada's grain sector and is the official certifier of Canadian grain. Through its activities, the CGC supports a competitive, efficient grain sector and upholds Canada's international reputation for consistent and reliable grain quality. To achieve its mandate, the CGC:

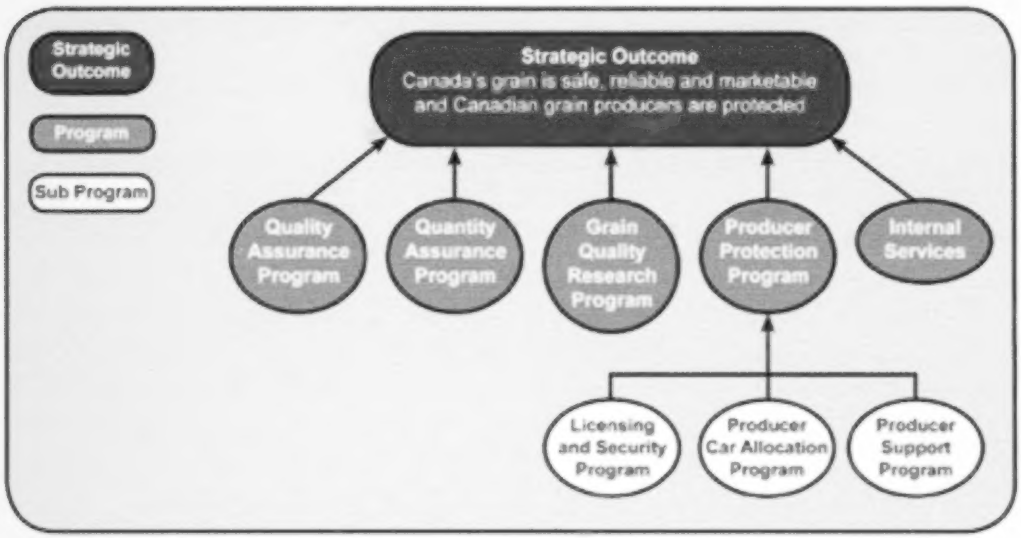
- regulates grain handling in Canada through the grain quality[iii] and quantity assurance[iv] programs,
- carries out scientific research[v] to understand all aspects of grain quality and grain safety and to support the grain grading system, and
- has implemented a number of producer protection programs[vi] and safeguards to ensure the fair treatment of Canadian grain producers when they deliver their grain to licensed grain elevators and grain dealers. This includes the Licensing and Security Program, the Producer Car Allocation Program and the Producer Support Program.

The CGC's head office is located in Winnipeg, Manitoba. As of March 31, 2013, the CGC employed 655 full-time equivalents (FTEs) and operated 11 additional offices across Canada. Funding for CGC programs and activities is through a combination of revolving fund and appropriation sources. Additional information on the CGC's mandate and responsibilities is available on the CGC website.[vii]

[1] Grain refers to any seed designated by regulation as a grain for the purposes of the *CGA*. During 2012-13, this included barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale and wheat. Effective August 1, 2013, solin will no longer be a designated grain.

Strategic Outcome and Program Alignment Architecture

The following diagram illustrates the CGC's Program Alignment Architecture (PAA). The CGC's PAA has five programs which each contribute to making progress to the CGC's single strategic outcome. The Producer Protection Program consists of three sub-programs.



Canada is known around the world for the quality, consistency, reliability and safety of its grain and grain products. It is widely recognized that the provision of CGC programs and activities is fundamental to maintaining this reputation and to the functioning of Canada's Grain Quality Assurance System (GQAS). CGC programs result in shipments of grain that consistently meet contract specifications for quality, safety and quantity. This is essential for producers to realize maximum value from their grain. In our role as a neutral third party regulator, the CGC works in partnership with virtually every participant in the grain industry including producers, industry stakeholders, the Canadian International Grains Institute (CIGI), Agriculture and Agri-Food Canada (AAFC), Canadian Food Inspection Agency (CFIA),as well as other government departments and agencies.

Organizational Priorities

Priority	Type[2]	Strategic Outcome and/or Programs
Relevant positioning of CGC programs to deliver upon the CGC's strategic outcome	Previously committed to	This priority contributes to all of the CGC programs and the overall strategic outcome

Summary of Progress

What progress has been made towards this priority?

Ensuring the CGC remains relevant supports the continued competitiveness of Canadian grains in both domestic and international markets. This priority includes development and integration of new technologies and protocols into daily program and service delivery, a sound regulatory framework, ongoing responses to increased market demands for assurances of grain safety and market concerns about low-level presence (LLP) of unapproved genetically engineered events, as well as continuously improving producer protection programs and service delivery models. During 2012-13,

- Legislation to amend the *CGA* was introduced as part of Bill C-45, the *Jobs and Growth Act, 2012*, in October, 2012.[viii] Bill C-45 received royal assent on December 14, 2012. Amendments to the *CGA* will streamline the operations of the CGC by reducing the regulatory burden and costs to producers and the grain industry, improve the CGC's Producer Protection Program, and eliminate services that no longer need to be delivered solely by the CGC in today's grain sector. For example, legislative amendments remove the CGC from the provision of mandatory inward inspection and weighing, and enable the CGC to implement an insurance-based security program for CGC licensees. Consequential amendments to the *Canada Grain Regulations (CGR)* were proposed to align the regulations with the amended *CGA*. The regulatory process is continuing in 2013-14 and it is planned that the *CGA* and consequential regulatory amendments will come into force during 2013-14. During the third and fourth quarters of 2012-13, the CGC focused efforts on developing and evolving organizational design and service delivery models to reflect the amended *CGA* and streamlined CGC operations.
- The CGC continued efforts to facilitate market access to ensure Canadian grain remains competitive

[2] Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the Report on Plans and Priorities (RPP) or Departmental Performance Report (DPR).

domestically and internationally. The CGC continued to participate in a steering committee made up of representatives from AAFC, CFIA, Department of Foreign Affairs and International Trade (DFAIT), Health Canada, and Environment Canada that has developed a Policy and Implementation Framework on LLP for Canada to deal with market access issues. During 2012-13, Phase II of public stakeholder consultations on a "*Proposed Domestic Policy on the Management of Low-Level Presence of Genetically Modified Crops in Imports and its Associated Implementation Framework*" were completed. Subsequently, a Path Forward and International Engagement Strategy have been developed. The CGC will continue to stay actively involved and evaluate how Canada's GQAS, as well as CGC monitoring and testing services, need to evolve. Target date for implementation of the Policy is November 2015.

- The CGC continued to successfully implement the key priorities identified in the CGC Global Communications Plan. The priorities were focused on raising the profile of the organization both domestically and internationally. The Global Communications Plan was successfully implemented in the context of transformational change within the Canadian grain sector, amendments to the *CGA*, updates to the CGC's user fees, and celebration of the CGC's 100th year anniversary.

Priority	Type[3]	Strategic Outcome and/or Programs
Integrated people and business management	Previously committed to	This priority contributes to all of the CGC programs and the overall strategic outcome

Summary of Progress

What progress has been made towards this priority?

This priority involves sound integrated and accountable planning and management processes to ensure the optimal allocation of human and financial resources to meet business needs. Since 1912, the CGC has charged fees to recover at least a portion of the costs of providing services. Most of the CGC's user fees have not been updated since 1991 despite the fact that the cost of providing services has continued to rise. Since 1999, the CGC has depended on annual ad hoc funding to continue serving producers and the industry. Revenue from user fees currently covers only approximately 50 percent of the cost of service provision. Lack of a stable funding environment makes planning for long term integrated people and business management challenging.

[3] Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the RPP or DPR.

In November 2010, the CGC began a project to update its cost recovery framework. In 2010 and 2011, extensive user fees consultations were conducted based on services required by the *CGA* and the costs associated with those services. One of the major themes of feedback was that the *CGA* and CGC services needed to be streamlined prior to updating user fees. Based on this feedback, the Government introduced amendments to the *CGA* to streamline the operations of the CGC as part of Bill C-45. User fees consultations and pre-proposal notification on updated fees under the amended *CGA* were completed in November 2012. In February 2013, a CGC User Fees Proposal was tabled in Parliament. The regulatory process commenced with prepublication in the *Canada Gazette*, Part I in February 2013. During 2012-13, all CGC milestones were fully achieved for the process to amend the CGC's user fees pursuant to the *User Fees Act*. The regulatory process has continued into 2013-14 and updated user fees took effect on August 1, 2013. Updated fees will eliminate CGC dependence on annual ad hoc funding and create a more stable environment for integrated people and business management.

Risk Analysis

In 2012-13, the CGC identified three key areas that could affect delivery of the CGC's strategic outcome and programs. Successful monitoring and management of these key areas are evidenced by the CGC's success in making progress towards its organizational priorities and delivering upon its strategic outcome and programs.

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Link to Organizational Priorities
Adapting the organization to remain relevant to CGC stakeholders	• The CGC focused efforts on modernizing the legislative framework to meet the rapidly evolving needs of Canadian producers and the grain industry and to eliminate CGC services no longer required in today's grain handling environment. For example, amendments include eliminating the requirements for the CGC to conduct mandatory inward inspection and mandatory inward weighing, and transitioning from CGC outward weighing to a CGC oversight role in outward weighing. In addition, the security program, which is a component of the Licensing and Security Sub-Program, is being modified to reduce unnecessary costs to the grain sector and increase producer protection. • While the *CGA* amendments streamline and update the CGC's operations, they do not change the CGC's strategic outcome or the Program Alignment Architecture. • Trends continue to be monitored closely and mitigation strategies revised as required.	• This is relevant to all CGC programs and the overall strategic outcome	• This is linked to the priority "Relevant positioning of CGC programs to deliver upon the CGC's strategic outcome"

Establishing appropriate fees and sustainable funding	• Stable funding is required to sustain our operations, as well as for evolution of operations going forward. To address this issue, the CGC began a project to update its cost recovery framework in 2010. Updated user fees took effect on August 1, 2013. • Updated user fees will eliminate dependence on annual ad hoc appropriation funding and provide the CGC with stable and sustainable funding going forward. • Trends continue to be monitored closely and mitigation strategies revised as required.	• This is relevant to all CGC programs and the overall strategic outcome	• This is linked to both CGC priorities "Integrated people and business management" and "Relevant positioning of CGC programs to deliver upon the CGC's strategic outcome"
Capacity within the CGC to manage change	• The biggest challenge facing the CGC during 2012-13 was successfully planning, coordinating and executing legislative amendments, user fees amendments, and Work Force Adjustment concurrently while still ensuring sufficient human resource capacity to carry out day-to-day operational work. To mitigate this, support programs and other resources were provided to CGC staff and will continue to be made available going forward. Change management plans were developed and incorporated into initiatives as required. Several employees shifted focus and became 100 percent dedicated to transformation initiatives, while others focused efforts on "mission critical" day to day operations and services. Non critical projects and activities have been stopped, delayed or decreased. Several mitigation strategies related to staffing during this time of change have also been put in place. • Trends continue to be monitored closely and mitigation strategies revised as required.	• This is relevant to all CGC programs and the overall strategic outcome	• This is linked to both CGC priorities "Integrated people and business management" and "Relevant positioning of CGC programs to deliver upon the CGC's strategic outcome"

Summary of Performance

Financial Resources – Total Departmental ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012-13	Total Authorities (available for use) 2012-13	Actual Spending (authorities used) 2012-13	Difference (Planned vs. Actual Spending)
48,336	58,531	90,621	82,372	23.841

Human Resources (FTEs)

Planned[4] 2012-13	Actual 2012-13	Difference 2012-13
534	655	121

[4] Planned 2012-13 FTEs, as reported in the 2012-13 RPP, was 534 based on approved authorities at that point in time. Given all authorities secured by the CGC, the full planned FTE complement is 741. The difference between the full FTE complement (741) and actual FTEs (655) is -86. This difference is due to the commencement of organizational restructuring and staff departures resulting from streamlining of CGC operations and legislative change.

Performance Summary Table ($ thousands)

Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected

Program	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012-13	Actual Spending (authorities used)			Alignment to Government of Canada Outcomes[ix]
		2012-13	2013-14	2014-15		2012-13	2011-12	2010-11	
Quality Assurance Program	24,578	32,726	36,600	32,209	45,716	40,036	40,835	39,095	Innovative and knowledge-based economy
Quantity Assurance Program	9,849	11,213	7,406	3,128	14,845	12,520	13,177	12,557	Innovative and knowledge-based economy
Grain Quality Research Program	3,521	3,521	7,244	6,543	11,055	11,055	10,214	10,075	Innovative and knowledge-based economy
Producer Protection Program	951	2,625	1,736	1,240	3,955	3,711	3,947	3,688	Fair and secure marketplace
Strategic Outcome Sub-Total	**38,899**	**50,086**	**52,986**	**43,120**	**75,571**	**67,322**	**68,173**	**65,415**	

Performance Summary Table for Internal Services ($ thousands)

	Total Budgetary Expenditures (Main Estimates (2012–13)	Planned Spending			Total Authorities (available for use) 2012-13	Actual Spending (authorities used)		
		2012-13	2013-14	2014-15		2012-13	2011-12	2010-11
Internal Services	9,437	8,445	17,035	16,286	15,050	15,050	13,721	13,156
Sub-Total	9,437	8,445	17,035	16,286	15,050	15,050	13,721	13,156

Total Performance Summary Table ($ thousands)

Strategic Outcome and Internal Services	Total Budgetary Expenditures (Main Estimates 2012-13)	Planned Spending			Total Authorities (available for use) 2012-13	Actual Spending (authorities used)		
		2012-13	2013-14	2014-15		2012-13	2011-12	2010-11
Total	48,336	58,531	70,021	59,406	90,621	82,372	81,894	78,571

2012-13 planned spending ($58.53 million) and planned FTEs (534) are reflective of approved authorities at publication of the CGC's 2012-13 RPP and are not reflective of total resource needs required to fulfill the CGC's mandate. 2012-13 total authorities ($90.62 million) includes planned spending identified in the RPP plus additional funding approved subsequent to the publication of the 2012-13 RPP.

2012-13 planned spending is approximately $23.84 million less than 2012-13 actual spending. The difference is primarily because:

- planned spending includes only the annual appropriation of $5.45 million whereas, the CGC received an additional $26.80 million in authorities subsequent to the publication of the RPP,
- planned spending includes approximately $37.63 million of revenue earned through fees, whereas the CGC collected $45.24 million in respendable revenue in 2012-13 (representing an additional $7.61 million), and
- the 2012-13 expenditure framework was based on authorization to access accumulated surplus of $15.45, whereas the CGC only accessed $4.85 million of accumulated surplus (representing a difference of $10.60 million).

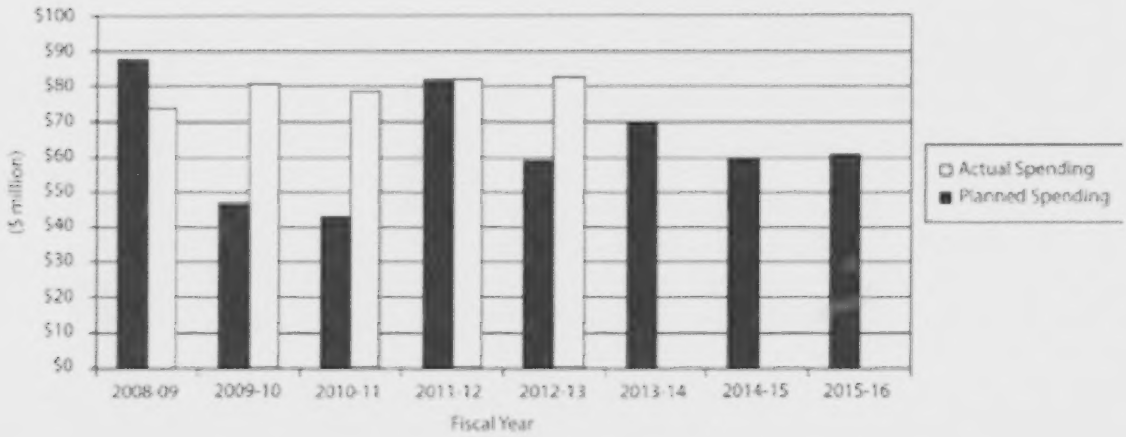
Fiscal year 2013-14 is a transition year for the CGC as the CGC will be implementing its sustainable funding model on August 1, 2013. Planned spending for fiscal year 2014-15 is based on operations under an amended *CGA* and updated user fees. It is anticipated the CGC's planned spending and planned FTEs will stabilize at approximately $59.41 million (funded by annual appropriation of $5.42 million and annual user fees revenue of approximately $53.99 million) and 404 FTEs respectively in 2014-15.

While spending on programs has been fairly consistent over the past several years, spending on internal services was significantly higher in 2012-13 than 2011-12. This is primarily because significant internal services support was required for work related to legislative amendments and transitioning to a sustainable funding model. In addition, human resource costs previously funded by AAFC are now being funded by the CGC. Additional information on amounts presented in the performance summary tables is available on the CGC website.[x]

Expenditure Profile

During 2012-13, the CGC was funded by a combination of an ongoing appropriation, ad hoc appropriation and authority to re-spend fees collected. During the reporting period, the CGC completed consultations on updated user fees based on streamlined CGC operations (additional information is provided in the Organizational Priorities Section).[xi] Updating CGC user fees will eliminate the requirement for annual ad hoc funding in 2014-15 and future years. Amended user fees took effect on August 1, 2013, concurrent with changes to the *CGA*.

Spending Trend



The Spending Trend graph shows CGC planned spending and actual spending. Planned spending reflects only the CGC's approved authorities as reported in the annual RPP documents. The CGC received approval of additional funding subsequent to publication of the annual RPP documents in 2009-10, 2010-11, and 2012-13. As shown, actual spending has been fairly consistent over the past five years. CGC revenues and expenditures are dependent on annual grain volumes and crop quality that can fluctuate considerably from year to year, and are not fully known prior to commencement of the fiscal year. These factors can result in significant variances between CGC revenue and expenditure projections and actual results. While costs have generally increased over time with inflation, in the spirit of budgetary restraint, the CGC has managed and monitored operating expenditures conservatively and has adopted several cost containment strategies. There have been no significant program changes in recent years.

Fiscal year 2013-14 is a transition year for the CGC. Planned spending for fiscal year 2014-15 and 2015-16 is based on operations under an amended *CGA* and updated user fees. It is anticipated the CGC's planned spending will stabilize at approximately $59.41 million (funded

by annual appropriation of $5.42 million and annual user fees revenue of approximately $53.99 million).

Estimates by Vote

For information on CGC's organizational Votes and/or statutory expenditures, please see the *Public Accounts of Canada 2013 (Volume II).* An electronic version of the Public Accounts 2013 is available on the Public Works and Government Services Canada's website.[xii]

Section II: Analysis of Programs and Sub-Programs by Strategic Outcome

Performance Analysis and Assessment:

This section highlights 2012-13 performance against targets established in the CGC's Performance Measurement Framework. CGC performance assessment and analysis includes both quantitative and qualitative information to give context to the CGC's performance story. It is important to note that the majority of CGC services and activities are mandated by the *CGA*. In addition, provision of inspection and weighing services are largely dependent on Canadian export volumes which are in turn dependent on factors such as crop production, crop quality, price, production choices and weather. Given this variability, a quantitative comparison of services provided between years and/or to other organizations is not a reliable indicator of performance. The performance analysis discussion identifies key activities and major accomplishments that contribute to and/or impact program performance. Independent verifiable performance information is included where available.

Strategic Outcome

Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected		
Performance Indicators	**Targets**	**Actual Results**
Number of instances where buyers are dissatisfied with CGC standards, methods or procedures used to ensure a dependable commodity for domestic and export markets	Zero instances	There were **five** instances where buyers of Canadian grain expressed dissatisfaction with CGC standards, methods and/or procedures used to ensure a dependable commodity for domestic and export markets
Level of producer satisfaction with CGC producer protection services	Zero unresolved or unaddressed complaints	Zero unresolved or unaddressed complaints

There were five instances where buyers of Canadian grain expressed dissatisfaction with CGC standards, methods and/or procedures used to ensure a dependable commodity for domestic and export markets. In one instance, buyers and end users raised concerns related to commercially clean and dockage levels in shipments of pulses and peas. The CGC met with stakeholders and

clarified the CGC's role in grain shipments (e.g. container shipments, bulk shipments). Explanations were also provided with respect to definitions of "commercially clean", dockage determination, and what makes up the dockage components. The other four instances were related to buyer concern/complaints with respect to gluten strength in Canadian Western Red Spring (CWRS) wheat shipments.[xiii] Gluten strength is an important quality attribute for customers of CWRS wheat, including bakers and millers. Gluten gives elasticity and strength to dough, allowing it to rise and keep its shape. Weak gluten strength can affect the functionality and baking performance of CWRS wheat. The CGC has become aware of gluten strength concerns through various overseas missions this past year, as well as through exporters who have raised the issue. The CGC is proactively organizing a number of stakeholder meetings as well as gathering data and information to determine potential causes.

Modernization of the *CGA* and the *CGR* will ensure that the CGC's legislation, programs and services continue to meet the evolving needs of Canadian producers and the grain industry and that the CGC can effectively deliver upon its strategic outcome and programs. Liaising with AAFC, CFIA, other federal government departments (e.g. Health Canada and DFAIT), the Canadian grain industry, and international agencies concerning grain safety matters and trade implications continues to be very important. In addition, CGC scientists and technical experts continued to play an important market support role by liaising with buyers, marketers, industry and producers and providing technical advice and information on grain quality, grain safety, and end-use quality. During 2012-13, the CGC conducted a number of tours of its facilities for producers (both Canadian and international), various industry members, and international grain buyers. Visitors learned about the Canadian GQAS, research that goes into establishing grain grading standards, how end performance tests are conducted to evaluate current year crop quality, and the tests done to ensure that Canadian grain being exported is safe for human consumption. In all, the CGC hosted 453 visitors on 53 tours during 2012-13.

Quality Assurance Program

Canada's GQAS assures consistent and reliable grain quality that meets the needs of international and domestic markets. Daily provision of grain inspection and grading services as mandated by the *CGA* as well as strong scientific and technical support programs and services are integral to the overall delivery of an effective GQAS. Canada's GQAS is continually adapted to the end-use needs of domestic and international buyers of Canadian grain, and to the ongoing structural changes within the grain industry to maintain Canada's reputation as a consistent supplier of quality grain. An effective GQAS is a key factor in permitting Canadian exporters to market successfully in competitive international grain markets and is essential for producers in order to realize maximum value from their grain.

Financial Resources – Quality Assurance Program ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012-13	Planned Spending[5] 2012-13	Total Authorities[6] (available for use) 2012-13	Actual Spending[7] (authorities used) 2012-13	Difference[8] 2012-13
24,578	32,726	45,716	40,036	7,310

Human Resources (FTEs) – Quality Assurance Program

Planned 2012-13	Actual 2012-13	Difference[9] 2012-13
299	342	43

[5] Planned spending reflects the CGC's approved authorities as reported in the 2012-13 RPP. This amount appears low because it does not include amounts approved subsequent to the publication of the RPP.

[6] Total authorities differ from planned spending because total authorities include additional funding approved subsequent to the publication of the RPP.

[7] Actual spending differs from total authorities due to a combination of increased fee revenue collected and consequently not utilizing the full amount of accumulated surplus available.

[8] This is the difference between planned spending and actual spending. The difference is because planned spending is not reflective of total resource needs required to fulfill the CGC's mandate.

[9] Planned FTEs for 2012-13, as reported in the RPP, was 299 based on approved authorities at that point in time. Based on total authorities, the full FTE complement for this program is 369. The difference between the full FTE complement (369) and actual FTEs (342) is -27. The difference is due to the commencement of organizational restructuring and staff departures resulting from streamlining of CGC operations and legislative change.

Performance Results – Quality Assurance Program

Expected Result	Performance Indicator	Target	Actual Results[10]
Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets	Number of justified cargo complaints due to a breakdown in CGC quality and/or safety assurance	Zero	One

Performance Analysis and Lessons Learned

The CGC continued to provide all inspection services in accordance with the CGC's quality management system ISO 9001:2008 Standards to ensure consistent and reliable quality assurance of Canadian grain shipments and to meet the legislative requirements of the CGA. For example, the CGC inspected 313,228 railcars upon receipt at licensed terminal and transfer elevators, inspected 31,769,369 tonnes of Canadian grain for export from licensed terminal and transfer elevators, and certified 1,694 samples submitted for grading by producers and 11,371 samples submitted by grain companies. There were 6,599 grade changes on official reinspection representing a CGC inspection accuracy rate of 97.9 percent.

The CGC certified the quality of 7,213 cargoes and investigated complaints from buyers regarding 10 of those cargoes. Upon thorough investigation of the loading process, including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector concluded that one of the complaints was justifiable. The one justified complaint involved a shipment where the initial ochratoxin A (OTA) analysis was in excess of the importing country's specification. Subsequent OTA analysis resulted in certification results below the specification. The cargo was accepted by the importing country on that basis. Several of the 2012-13 cargo complaints were related to gluten strength as a result of CWRS wheat not processing as it had historically. Grain buyers complained that, in some cases, gluten strength in CWRS wheat shipments has been weaker than in previous years. It was determined that all CGC quality assurance related activities for these CWRS shipments were carried out properly.

Amendments to the *CGA* are focused on streamlining service delivery and removing services that are not necessary to meet program expected results. Legislative amendments include moving responsibility for inward inspection at licensed terminal elevators and inspection of domestic

[10] During 2012-13, CGC staff certified the quality of 7,213 cargoes representing 31,769,369 tonnes of Canadian export grain. The CGC received complaints regarding 10 of those cargoes. Upon investigation, it was determined that there was one justified cargo complaint.

laker shipments from the CGC to the private sector; eliminating the grain appeal tribunal and establishing a process where, in the event of a disagreement between a shipper and a licensed terminal elevator, final grade and dockage determination would rest with the office of the Chief Grain Inspector for Canada; providing an oversight role for the CGC in the collection of inward inspection data; and establishing recourse mechanisms if terminal elevator operators do not inspect grain as required under the amended legislation. During 2012-13, adjusting and adapting the Quality Assurance Program to align with the amendments to the *CGA* has been a major focus. Going forward, the CGC will continue to work closely with producers, industry stakeholders, AAFC, CFIA, and other government departments and agencies to ensure a smooth transition.

Additional information on performance and lessons learned for the Quality Assurance Program is available on the CGC website.[xiv]

Quantity Assurance Program

The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed terminal and transfer elevator system to meet the requirements of the grain industry from producers to customers. Daily provision of grain weighing services as mandated by the *CGA* forms a major part of the quantity assurance system. To maintain relevancy and to address constantly changing industry demands, ongoing technical support is provided in support of the grain quantity assurance system.

Financial Resources – Quantity Assurance Program ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012-13	Planned Spending[11] 2012-13	Total Authorities[12] (available for use) 2012-13	Actual Spending[13] (authorities used) 2012-13	Difference[14] 2012-13
9,849	11,213	14,845	12,520	1,307

Human Resources (FTEs) – Quantity Assurance Program

Planned 2012-13	Actual 2012-13	Difference[15] 2012-13
102	114	12

Performance Results – Quantity Assurance Program

Expected Result	Performance Indicator	Target	Actual Results
Consistent and reliable quantity assurance of Canadian grain shipments	Number of justified cargo complaints due to a breakdown in CGC assessment of quantity	Zero	Zero

[11] Planned spending reflects the CGC's approved authorities as reported in the 2012-13 RPP. This amount appears low because it does not include amounts approved subsequent to the publication of the RPP.

[12] Total authorities differ from planned spending because total authorities include additional funding approved subsequent to the publication of the RPP.

[13] Actual spending differs from total authorities due to a combination of increased fee revenue collected and consequently not utilizing the full amount of accumulated surplus available.

[14] This is the difference between planned spending and actual spending. The difference is because planned spending is not reflective of total resource needs required to fulfill the CGC's mandate.

[15] Planned FTEs for 2012-13, as reported in the RPP, was 102 based on approved authorities at that point in time. Based on total authorities, the full FTE complement for this program is 118. The difference between the full FTE complement (118) and actual FTEs (114) is -4. The difference is due to commencement of organizational restructuring and staff departures resulting from streamlining of CGC operations and legislative change.

Performance Analysis and Lessons Learned

The CGC continued to deliver all weighing services as per ISO 9001:2008 Standards to ensure consistent and reliable quantity assurance of Canadian grain shipments and to meet the legislative requirements of the *CGA*. For example, the CGC officially weighed and certified 307,259 railcar unloads upon receipt at licensed terminal and transfer elevators, and monitored and certified 31,769,369 tonnes of grain prior to export from licensed terminal and transfer elevators.

CGC Weighing Systems Inspectors conducted 500 weighing system device inspections to verify the accuracy of licensed terminal and transfer elevator weighing equipment. In 187 instances (37.4 percent), the device under inspection required adjustment or servicing.

The CGC's Dispute Resolution Settlement (DSR) neutral third-party railcar investigation process provided key information to support shippers' entitlement to adjustment for excessive grain shortages at unload. While client claim success rates are confidential, clients maintain that the information supplied by the CGC's DRS is a very significant part of their claim and is the most reliable information for processing a successful claim. During 2012-13, there were zero instances where disputes with respect to weight were not addressed and feedback not provided.

Amendments to the *CGA* streamline service delivery and remove CGC services no longer necessary to meet program expected results. This includes moving responsibility for inward weighing at terminal elevators and weighing of domestic lakers from the CGC to the private sector, as well as removing the requirement for regular primary, terminal and transfer elevator weigh-overs. In addition, CGC quantity assurance for export shipments will fully transform to a Weighing Oversight and Certification Program (WOCP) that requires implementation of Automated Weight Recording and Playback System (AWRAPS) technology at export positions. WOCP and implementation of AWRAPS commenced during 2012-13. Adjusting and adapting the Quantity Assurance Program to align with amendments to the *CGA* and transforming to WOCP for export shipments has been, and will continue to be, a major focus of this program in 2013-14.

Additional information on performance and lessons learned for the Quantity Assurance Program is available on the CGC website.[xv]

Grain Quality Research Program

The *CGA* requires the CGC to undertake, sponsor and promote research related to grains. The CGC conducts research in support of the GQAS to address emerging issues and permit the effective marketing of Canadian grain in the interests of producers and the Canadian grain industry. The CGC's Grain Research Laboratory (GRL) researches methods to measure grain quality, new quality factors, and new grain standards. Grain quality research supports the continual improvement of the GQAS. The Grain Quality Research Program is funded by appropriations.

Financial Resources – Grain Quality Research Program ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012-13	Planned Spending[16] 2012-13	Total Authorities[17] (available for use) 2012-13	Actual Spending (authorities used) 2012-13	Difference[18] 2012-13
3,521	3,521	11,055	11,055	7,534

Human Resources (FTEs) – Grain Quality Research Program

Planned 2012-13	Actual 2012-13	Difference[19] 2012-13
32	71	39

Performance Results – Grain Quality Research Program

Expected Result	Performance Indicator	Target	Actual Results
Scientific information is available to support and inform GQAS decision making	Number of instances where timely and appropriate scientific information is not available to support and inform GQAS decision making	Zero instances	Zero instances

[16] Planned spending reflects the CGC's approved authorities as reported in the 2012-13 RPP. This amount appears low because it does not include amounts approved subsequent to the publication of the RPP.

[17] Total authorities differ from planned spending because total authorities include additional funding approved subsequent to the publication of the RPP.

[18] This is the difference between planned spending and actual spending. The difference is because planned spending is not reflective of total resource needs required to fulfill the CGC's mandate.

[19] Planned FTEs for 2012-13, as reported in the RPP, was 32 based on approved authorities at that point in time. Based on total authorities, the full FTE complement for this program is 95. The difference between the full FTE complement (95) and actual FTEs (71) is -24. The difference is due to commencement of organizational restructuring and staff departures resulting from streamlining of CGC operations and legislative change.

Expected Result	Performance Indicator	Target	Actual Results
Domestic and international marketers, buyers, and processors have accurate and appropriate scientific information on the quality and safety of Canadian grain	Number of instances where domestic and international marketers, buyers, and processors do not have access to accurate and appropriate scientific information on the quality and safety of Canadian grain	Zero instances	Zero instances
Threats to Canada's GQAS from registration of new varieties are minimized	Number of complaints from end-users of Canadian grain on the quality of newly registered varieties	Zero complaints	Zero complaints

Performance Analysis and Lessons Learned

During 2012-13, the CGC's GRL successfully undertook, sponsored and promoted research related to grains and grain products as mandated by the *CGA* to meet the expected results and targets associated with this program.

The GRL's Crops Section[xvi] scientifically assessed the quality of the 2012 Canadian grain harvest, assessed how grading factors affect end-use qualities, researched new uses for Canadian grains, and assessed new and improved methods for evaluating and measuring end-use quality factors for all grains. In addition, new varieties were assessed for quality as part of the variety registration process. This research continues to be a significant factor in permitting effective marketing of Canadian grain in the interests of producers and the Canadian grain industry and continues to facilitate end-use diversification of Canadian grains.

The GRL's Technologies Section[xvii] continued efforts to study and develop technologies and methods to assess the quality and safety of Canadian grains. Research efforts are aimed at developing and implementing new and improved methods for evaluating and measuring grain quality and grain safety to increase efficiency, reduce costs and enhance the testing capabilities of the CGC and the Canadian grain industry.

The GRL successfully conducted research as recommended by the Western Standards Committee (WSC) and the Eastern Standards Committee (ESC) in support of grade specifications and the grading system and provided information to facilitate WSC recommendations[xviii] and ESC recommendations[xix]. In addition, the GRL published its second issue of *Harvest Science: A grain science and technology newsletter*.[xx] This issue focused on the variety registration system in western Canada.

Going forward, plans include adjusting and adapting research activities to support amendments to the *CGA* as required and streamlining the GRL. This includes the amalgamation of several units as well as the discontinuance of Image Analysis and Spectroscopy work. The CGC will continue to manage and allocate GRL resources to respond to increased testing and monitoring requirements under the Quality Assurance Program and to undertake, sponsor and promote fundamental and/or long term research in support of the GQAS.

Information on 2012-13 Grain Quality Research Program highlights is available on the CGC website.[xxi]

Producer Protection Program

The CGC is mandated to serve producer interests by upholding the *CGA* and as such has implemented a number of programs and safeguards to ensure the fair treatment of Canadian grain producers. These include the Licensing and Security Program, allocation of producer cars for producers and producer groups that wish to ship their own grain, and producer liaison measures including a grain grade appeal system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions.

Financial Resources – Producer Protection Program ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012-13	Planned[20] Spending 2012-13	Total Authorities[21] (available for use) 2012-13	Actual Spending (authorities used) 2012-13	Difference[22] 2012-13
951	2,625	3,955	3,711	1,086

Human Resources (FTEs) – Producer Protection Program

Planned 2012-13	Actual 2012-13	Difference[23] 2012-13
24	31	7

Performance Results – Producer Protection Program

Expected Results	Performance Indicators	Targets	Actual Results
Risk to producers of not receiving fair compensation for their grain is mitigated	Percentage of producers who agree that CGC producer protection activities help to reduce the risk of not being fairly compensated for grain delivered into the licensed grain handling system	Baseline = 90 percent based on 2010 Canadian Grain Commission Producers Satisfaction Survey conducted by IPSOS Reid	Results are based on a triennial survey. The next regularly scheduled survey is to take place in 2013-14

[20] Planned spending reflects the CGC's approved authorities as reported in the 2012-13 RPP. This amount appears low because it does not include amounts approved subsequent to the publication of the RPP.

[21] Total authorities differ from planned spending because total authorities include additional funding approved subsequent to the publication of the RPP.

[22] This is the difference between planned spending and actual spending. The difference is because planned spending is not reflective of total resource needs required to fulfill the CGC's mandate.

[23] Planned FTEs for 2012-13, as reported in the RPP, was 24 based on approved authorities at that point in time. Based on total authorities, the full FTE complement for this program is 35. The difference between the full FTE complement (35) and actual FTEs (31) is -4. The difference is due to commencement of organizational restructuring and staff departures resulting from streamlining of CGC operations and legislative change.

Producers are aware of CGC producer protection programs and services	Percentage of producers who are aware of CGC producer protection activities	Baseline = 60 percent based on 2010 Canadian Grain Commission Producers Satisfaction Survey conducted by IPSOS Reid	Results are based on a triennial survey. The next regularly scheduled survey is to take place in 2013-14

Performance Analysis and Lessons Learned

During 2012-13, the CGC responded to numerous inquiries from producers, which focused primarily on contract disputes between producers and licensees, grading disputes, nonpayment/slow payment to producers, inquiries related to shrinkage and tariff deductions, and complaints regarding proper issuance of documents. The CGC responded to all producer complaints related to compensation received for the quality and/or quantity of grain delivered within the licensed grain handling system and all producer concerns regarding fair payment.

Communication activities continued to play a key role in promoting the activities and services provided under the Producer Protection Program. As part of its communications activities, the CGC enhanced services to francophone producers in Quebec, the Prairie provinces, and the Maritimes. The CGC exhibition program was expanded by attending the Grain Farmers of Ontario March Classic (London, Ont.) and the Atlantic Canada Farm Mechanization Show (Moncton, N.B.). In addition, the CGC attended smaller regional trade shows, including The Grain Millers Harvest Showdown (Yorkton, Sask.), The Association of Manitoba Municipalities (Winnipeg, Man.), Cattlemen's Coral/Crop Visions (Lloydminster, Sask.), Manitoba Special Crops Symposium (Winnipeg, Man.), Lethbridge Ag Expo (Lethbridge, Alta.), Peace Country Classic AgriShow (Grande Prairie, Alta.), Saskatchewan Association of Rural Municipalities show (Saskatoon, Sask), and the Smoky River Agricultural Tradeshow (Falher, Alta). A total of 3,281 producers interacted with CGC officials through the trade exhibition program. A number of issues were discussed, including the CGC Licensing Program, services available for resolving grading disputes, the Harvest Sample program, and changes to CGC user fees and the *CGA*. Articles about dockage levels in canola and being aware of grain quality prior to delivery were prepared and offered to various newspapers for their use. These articles were published in a number of smaller community newspapers as well as larger, regional publications.

The CGC continually strives to improve its programs aimed at facilitating fair treatment of producers within the licensed grain handling system and will continue to work closely with officials from AAFC and other government departments to ensure the CGC's legislation, programs, and services continue to meet the evolving needs of producers and the grain industry.

Licensing and Security Sub-Program

Licensing is a requirement of the *Canada Grain Act*. The CGC licenses and regulates primary, process, terminal, and transfer elevators as well as grain dealers to protect producers and maintain standards of quality for Canadian grain. Licensed elevators and grain dealers are required to post security to cover their liabilities to producers in the event of a company default. The licensing requirements also ensure that producers who deliver to a primary elevator can access their right to be paid on the basis of grade and dockage that is determined by a CGC inspector, rather than by the grain handler.

Financial Resources – Licensing and Security Sub-Program ($ thousands)

Planned Spending 2012-13	Actual Spending 2012-13	Difference 2012-13
1,260	1,781	521

Human Resources (FTEs) – Licensing and Security Sub-Program

Planned 2012-13	Actual 2012-13	Difference 2012-13
12	15	3

Performance Results – Licensing and Security Sub-Program

Expected Results	Performance Indicators	Targets	Actual Results
Risks to producers of not being properly compensated for grain delivered to a CGC licensee is mitigated	Percentage of producers who agree that the CGC's licensing and security program reduces the risk of not being properly compensated for grain delivered into the licensed grain handling system	75% (based on a survey of producers to be conducted every three years)	Results are based on a triennial survey. The next regularly scheduled survey is to take place in 2013-14

Performance Analysis and Lessons Learned

As of March 31, 2013, the CGC had issued licences for 348 primary elevators, 44 process elevators, 16 terminal elevators, 14 transfer elevators, and 77 grain dealers. The CGC continues to investigate known unlicensed companies to determine if they require licensing under the *CGA*. In cases where the CGC has determined a licence is required, the licensing process has been initiated. Financial statements from all licensees were reviewed and 53 licensees were audited by the CGC. The CGC continued to refine its processes for reviewing and monitoring licensees,

scheduling audits, and for determining other courses of action. CGC staff responded to all known instances of licensing non-compliance. There were two licensees that failed to meet producer payment obligations. Total compensation through the security posted with the CGC to eligible producers for amounts owed was 97.5 percent. Amendments to the *CGA* enable the CGC to implement an insurance-based security program for CGC licensees with the goal of providing more cost-effective liability coverage for producers. It is planned to have an insurance-based security program in place during 2013-14. The CGC will continue monitoring activities to mitigate non-payment risks to producers.

Producer Car Allocation Sub-Program

Pursuant to the *Canada Grain Act* and *Canada Grain Regulations*, the CGC provides and makes available an alternate grain delivery mechanism for producers and producer groups that wish to ship their own grain by railcar. The CGC has sole responsibility for the allocation of producer cars for all grains. The CGC works closely and cooperatively with the grain industry and the railways in an effort to ensure that producer car orders are filled in a timely manner.

Financial Resources –Producer Car Allocation Sub-Program ($ thousands)

Planned Spending 2012-13	Actual Spending 2012-13	Difference 2012-13
158	223	65

Human Resources (FTEs) – Producer Car Allocation Sub-Program

Planned 2012-13	Actual 2012-13	Difference 2012-13
1	2	1

Performance Results –Producer Car Allocation Sub-Program

Expected Results	Performance Indicators	Targets	Actual Results
Producers are able to bypass the primary elevator system and ship grain to port position or another destination of their choosing	The number of formal justifiable complaints related to producer car access and availability	Zero	Zero
	Percentage of producers who use the producer car allocation program who are satisfied with the program	75% (based on a survey of producers to be conducted every three years)	Results are based on a triennial survey. The next regularly scheduled survey is to take place in 2013-14

Performance Analysis and Lessons Learned

The CGC has sole responsibility for the allocation of producer cars. During 2012-13, the CGC continued to work closely and cooperatively with grain companies and the railways in an effort to ensure that producer car orders are filled in a timely manner. The CGC received and processed applications from approximately 10,770 producers for producer cars and responded to all complaints with respect to administration of the allocation of producer cars.

Producer Support Sub-Program

The CGC has set up an information and compliance framework to safeguard fair and equitable grain transactions for producers. This helps to ensure that producers are properly compensated for the quality and quantity of grain delivered and shipped. This sub activity is comprised of many programs and activities not material enough to be considered independently, including mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies, re-inspection of samples on producer request and investigation of quality and dockage complaints. In addition, the CGC continually collects and updates grain quality data and grain handling information and makes it available to producers and other interested parties to facilitate producer sales and marketing decisions.

Financial Resources – Producer Support Sub-Program ($ thousands)

Planned Spending 2012-13	Actual Spending 2012-13	Difference 2012-13
1,207	1,707	500

Human Resources (FTEs) – Producer Support Sub-Program

Planned 2012-13	Actual 2012-13	Difference 2012-13
11	14	3

Performance Results – Producer Support Sub-Program

Expected Results	Performance Indicators	Targets	Actual Results
Risk to producers of not receiving fair compensation for the quality of grain delivered into the licensed grain handling system is mitigated	Percentage of producers who agree that access to CGC third party quality information reduces their risks of not receiving fair compensation for the quality of their grain upon delivery into the licensed grain handling system	70% (based on a survey of producers to be conducted every three years)	Results are based on a triennial survey. The next regularly scheduled survey is to take place in 2013-14

Performance Analysis and Lessons Learned

The CGC has a complaints protocol that outlines the process to be followed when responding to producer complaints and investigating violations of the *CGA*. The protocol acts as a guide to ensure the CGC responds appropriately and consistently to all producer concerns. Grain producers submitted 219 samples to the CGC for quality determination under "subject to inspector's grade and dockage". This service allows producers to ask the CGC to determine grade and dockage and make a binding decision in the event there is a disagreement upon delivery at a licensed primary elevator.

The CGC remains committed to ensuring that adequate notice is given to producers when grain varieties are deregistered. Growing registered grain varieties helps maintain Canada's reputation for consistently marketing high quality grain and helps preserve access to key international markets for Canadian grain.

The CGC continued to collect and update statistics[xxii] on grain quality and grain handling and made it available to producers and other interested parties to facilitate producer sales and marketing decisions. Since the *CGA* amendments were introduced in fall 2012, the CGC has been focusing on ensuring that data currently collected continues to be captured post August 1, 2013. Moving forward, the CGC will be reviewing the content and delivery of CGC statistical publications to ensure that they remain relevant and useful for producers and the grain industry.

Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Material Services, Acquisition Services, and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program.

Financial Resources – Internal Services ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012-13	Planned[24] Spending 2012-13	Total Authorities[25] (available for use) 2012-13	Actual Spending (authorities used) 2012-13	Difference[26] 2012-13
9,437	8,445	15,050	15,050	6,605

Human Resources (FTEs) – Internal Services

Planned 2012-13	Actual 2012-13	Difference[27] 2012-13
77	97	20

[24] Planned spending reflects the CGC's approved authorities as reported in the 2012-13 RPP. This amount appears low because it does not include amounts approved subsequent to the publication of the RPP.

[25] Total authorities differ from planned spending because total authorities include additional funding approved subsequent to the publication of the RPP.

[26] This is the difference between planned spending and actual spending. The difference is because planned spending is not reflective of total resource needs required to fulfill the CGC's mandate.

[27] Planned FTEs for 2012-13, as reported in the RPP, was 77 based on approved authorities at that point in time. Based on total authorities, the full FTE complement for this program is 124. The difference between the full FTE complement (124) and actual FTEs (97) is -27. The difference is due to the commencement of organizational restructuring and staff departures resulting from streamlining of CGC operations and legislative change.

Performance Analysis and Lessons Learned

Successful delivery of internal services is best indicated by the CGC's ability to meet the expected results of its strategic outcome and other programs. Performance can also be measured by assessing results against the goals of various government-wide initiatives. For example:

- As a non-mandated client organization of Shared Services Canada (SSC), the CGC implemented Converged Network Services 3 and Managed Anti-Virus/Managed Anti-Spam in 2012-13. As per the CGC's Information Technology Strategic Plan, the CGC will continue to explore and implement SSC solutions whenever possible.
- The CGC has been updating online statistical publications to meet Government of Canada standards for accessibility and look and feel. Statistics are offered in user-requested, alternate formats, with a view towards standard release under the Open Data portal.
- The CGC is compliant with proactive disclosure requirements by publishing, on its website, travel and hospitality expenses for officials; contracts entered into by the Government of Canada for amounts over $10,000; and the reclassification of positions.
- With respect to the Consolidation of Pay Service Project, the CGC is a Wave 2 department. During 2012-13, an action plan was developed and execution began to respect the September 2013 deadline.
- The CGC's compliance with Workplace 2.0 standards is in place with specific exemptions. Standards are being incorporated, dependant on funds available, into a multi-year space consolidation and renewal plan that will commence execution in 2013-14.
- The CGC continued to implement, and demonstrated significant progress on, Treasury Board's *Policy on Internal Controls*.
- The CGC continued to refine its Integrated People and Business Planning (IPBP) and Performance Development and Achievement Program (PDAP) processes that link people management to the CGC's vision, goals and objectives, strategic plan and budgetary resources. In 2012-13, a procurement plan tool was adopted and procurement planning is now formally included in the IPBP process.
- The CGC developed action plans for all areas of management based on recommendations received in the Round VIII Management Accountability Framework (MAF) assessment. Efforts continue to make improvements in line with the key elements of MAF Round VIII.

Section III: Supplementary Information

Financial Statements Highlights

Condensed Statement of Operations and Departmental Net Financial Position

Canadian Grain Commission Condensed Statement of Operations and Departmental Net Financial Position (Unaudited) For the Year Ended March 31, 2013 ($ thousands)					
	2012–13 Planned Results	2012–13 Actual	2011–12 Actual	$ Change (2012–13 Planned versus Actual)	$ Change (2012–13 Actual versus 2011–12 Actual)
Total expenses	83,884	97,666	81,194	13,782	16,472
Total revenues	37,648	45,734	47,406	8,086	(1,672)
Net cost of operations before government funding and transfers	46,236	51,932	33,788	5,696	18,144
Departmental net financial position	(13,988)	(19,680)	1,952	(5,692)	(21,632)

Total Expenses

Total expenses for the CGC were $97.7 million in 2012-13, an increase of $16.5 million over the previous year's expenditures of $81.2 million and an increase of $13.8 million over planned results. This is mainly due to the accrual of $15.9 million to cover Work Force Adjustment obligations for employees affected by legislative change. Operational expense distribution was consistent with the previous year. The CGC did not initiate any significant program changes during 2012-13.

Total Revenues

Total service fees, including contract revenues, exceeded expectations from planned results in both 2012-13 and 2011-12 due to high grain volumes. However, actual grain volumes handled in 2012-13 were less compared to 2011-12 resulting in a reduction to total revenue of $1.7 million.

Net cost of operations before government funding and transfers

As a result of changes in the composition of the CGC's funding mix, the CGC's reliance on appropriation fluctuates. With a consistent expenditure framework and access to more accumulated surplus, the CGC's ad-hoc appropriations decreased from $30.4 million in 2011-12 to $26.8 million in 2012-13. Access to accumulated surplus increased by $7.0 million.

Departmental net financial position

The CGC net financial position for 2012-13 was a deficit of $19.7 million, a decrease of $21.6 million over the previous year's surplus of $2.0 million. As discussed above, this difference is due to an accrual to cover Work Force Adjustments obligations for employees affected by legislative change, a reduction in total revenues, and a change in funding mix.

Condensed Statement of Financial Position

Canadian Grain Commission Condensed Statement of Financial Position (Unaudited) As at March 31, 2013 ($ thousands)			
	2012–13	**2011–12**	**$ Change**
Total liabilities	35,321	17,327	17,994
Total net financial assets	7,754	6,334	1,420
Departmental net debt	27,567	10,993	16,574
Total non-financial assets	8,234	6,431	1,803
Departmental net financial position	(19,333)	(4,562)	(14,771)

Total liabilities

Total liabilities were $35.3 million at the end of 2012-13, an increase of $18.0 million over the previous year's total liabilities of $17.3 million. This is mainly due to a liability for Work Force Adjustment obligations of $15.9 million. Salaries payable of approximately $17.4 million and employee severance benefits of approximately $12.1 million represented the largest portion of total liabilities.

Total net financial assets

Total net financial assets, comprised of accounts receivable, were $7.8 million at the end of 2012-13, an increase of $1.4 million over the previous year's total net financial assets of $6.3 million. This increase was due to a short term delay in the processing of invoices and collection of revenues that was resolved early in 2013-14.

Total non-financial assets

Total non-financial assets are comprised of tangible capital and other assets. Tangible capital assets represented $8.0 million at the end of 2012-13, an increase of $1.7 million over the previous year's total. During fiscal year 2012-13, the CGC implemented a robust capital refresh plan on its aging capital assets.

Financial Statements

Fiscal year 2012-13 CGC audited financial statements are available on the CGC website.[xxiii] Once again, the CGC received an unqualified audit opinion of its annual financial statements. The CGC's 2012-13 financial statements include a link to the *Unaudited Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting, Fiscal Year 2012-13*. Audited financial statements are prepared in accordance with Section 6.4 of the Treasury Board of Canada's policy on special revenue spending authorities.

Supplementary Information Tables

All electronic supplementary information tables listed below for the *2012-13 Departmental Performance Report* can be found on the CGC's website.[xxiv]

- Green Procurement
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Sources of Respendable Revenue
- User Fees Reporting

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations* publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.[xxv]

Section IV: Other Items of Interest

Organizational Contact Information

Rémi Gosselin
Manager, Corporate Information Services
Canadian Grain Commission
Telephone: 204-983-2749
Email: remi.gosselin@grainscanada.gc.ca

Endnotes

[i] CGC audited financial statements, http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/crm-mrm-eng.htm

[ii] *Canada Grain Act*, http://www.grainscanada.gc.ca/legislation-legislation/lapm-mlcp-eng.htm

[iii] Quality Assurance Program, http://www.grainscanada.gc.ca/quality-qualite/iaqm-mrsq-eng.htm

[iv] Quantity Assurance Program, http://www.grainscanada.gc.ca/quantity-quantite/iaqnm-mrsqn-eng.htm

[v] Grain Quality Research Program, http://www.grainscanada.gc.ca/research-recherche/iarm-mrsr-eng.htm

[vi] Producer Protection Program, http://www.grainscanada.gc.ca/protection-protection/iappm-mrspp-eng.htm

[vii] CGC website, http://www.grainscanada.gc.ca/

[viii] Bill C-45, http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Language=E&Mode=1&billId=5754371

[ix] Additional information on the Government of Canada Outcomes is available at: http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx. Additional information on the CGC's alignment to the Government of Canada Outcomes is available at: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/goco-rogoc-eng.htm

[x] Additional Information on Performance Summary Table Amounts, http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/dpr-rmr/2013/ps-sr-2013-eng.htm

[xi] CGC's user fees consultation process, http://www.grainscanada.gc.ca/consultations/consultation-eng.htm

[xii] Public Accounts of Canada 2012, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[xiii] Gluten's role in bread baking performance, http://www.grainscanada.gc.ca/fact-fait/gluten-eng.htm

[xiv] Additional information on results and lessons learned for the Quality Assurance Program, http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/dpr-rmr/2013/qap-paq-2013-eng.htm

[xv] Additional information on results and lessons learned for the Quantity Assurance Program, http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/dpr-rmr/2013/qapl-paql-2013-eng.htm

[xvi] Crops Section, http://www.grainscanada.gc.ca/cgc-ccg/grl-lrg/csm-msdc-eng.htm

[xvii] Technologies Section, http://www.grainscanada.gc.ca/cgc-ccg/grl-lrg/tsm-msdt-eng.htm

[xviii] Western Standards Committee Recommendations, http://www.grainscanada.gc.ca/gscommittee-comiteng/wcs-cno/wscr-rcng-eng.htm

[xix] Eastern Standards Committee Recommendations, http://www.grainscanada.gc.ca/gscommittee-comiteng/esc-cne/escr-rcne-eng.htm

[xx] Harvest Science, http://www.grainscanada.gc.ca/hsnewsletter-scbulletin/issue-numero-02/issue-numero-02-eng.htm

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[xxii] Statistics about grain in Canada, http://www.grainscanada.gc.ca/statistics-statistiques/sim-rsm-eng.htm

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